GREATER BOSTON CHAMBER OF COMMERCE



## PARK PLAZA URBAN RENEWAL PROJECT

This is one of the most ambitious and most novel urban renewal plans presented in Boston. The project has been submitted to the Boston City Council for approval. No hearing date has yet been set. Plan approval requires a majority vote, but the accompanying loan order requires a 2/3 vote.

The Chamber has been asked to support the project by both the developers [Boston Urban Associates and the BRA].

### 1. Project Facts



35 acre strip as outlined on the enclosed map.
Total area breaks down as follows:

15.5 acres of streets
3.5 acres of properties exempt from taking
10.2 acres in Phase I
6 acres in Phase II

#### Phase I

with parcels 1, 2 and 3 is bounded by Boylston, Arlington, Stuart and Tremont Streets. All properties within this area will be acquired for clearance except the Statler Hotel, Statler Office Building, Little Building [80 Boylston], Colonial Building [100 Boylston] and the Walker Building [120 Boylston]. The developer will be Boston Urban Associates.

#### Phase II

consists of area east of Tremont Street in parcels 4 and 5. Plans have not been prepared for this area, nor has any developer been selected. This is area referred to as "Hinge Block' and is part of the "combat area."

If the City Council approves the plan for Phase I, BRA will start planning for this area of Phase II, seek developers and return to the City Council for approval at some later date.

### 2. Area Conditions

BRA has declared the area to be blighted. Documentation is contained in the staff surveys which were performed in 1964 and then again in 1970.

The latter report showed that 81 of the 120 buildings are "deficient" and that 36 are substandard structurally "to a degree requiring clearance". BRA staff also found that very little building improvement had been made between 1964 and 1970.

Area Conditions [Cont'd]

Of the 121 buildings only 9 were constructed since 1920. 97 of the buildings were built prior to 1890. These structures are primarily non-fireproof.

More than 45% of the project area is devoted to streets and parking facilities, an unreasonably high percentage of unproductive land in such a prime location. The street pattern itself is confusing and inefficient.

Of the 150 parcels in the area, 115 are less than 5000 sq. ft. and 91 are less than 3000 sq. ft. This parcelization is a serious barrier to any upgrading of the area unless eminent domain is used for assembly.

As a further problem, there are 47 liquor licenses concentrated in the city's notorious combat zone which is in the project area.

Finally, tax revenues from the areas have been declining. Assessed valuations have dropped $11 million dollars in the past fifteen years.

3. Project Improvements

In Phase I all buildings will be demolished except the five listed above. The cleared sites will be used for the following developments:

1600 luxury apartments of which 100 to 150 will be subsidized for moderate income or elderly housing residence.

1000 room hotel with convention facilities.

500,000 sq. ft. of retail space.

400,000 sq. ft. of office space in initial stage

600,000 sq. ft. of office space in second stage.

2500 to 3000 parking spaces.

4. Development Team

| | |
|---|---|
| Developer: | Boston Urban Associates [BUA] |
| Architect: | Davis and Brady |
| Construction: | H & R Construction Company |
| Retail Consultants: | The Berenson Company |
| Housing Market Consultant: | Gladstone Associates |
| Hotel Consultant: | Steve Brener, Senior Vice President, Hemsley-Spear |

Development Team [Cont'd]

Although Boston Urban Associates is a new company, its principals, President Mortimer Zuckerman, and Executive Vice President Edward Linde, have had extensive and successful experience as executives of Cabot, Cabot & Forbes. The other organizations in the development team all have national reputations in their fields of specialization.

## 5. Development Process

If the City Council approves the project, BUA which currently owns no property in the area will begin negotiating for acquisitions. Any properties which they are unable to acquire will be taken by BRA by eminent domain and resold to the developer at full cost.

All properties will be acquired except for the five exemptions mentioned in Section 1, Phase I.

On acquired properties all buildings will be cleared after relocation has been carried out by BRA under contract to the developer.

## 6. Timetable

If the City Council and the Department of Community Affairs provide their approvals within the next 60 days, acquisition by both the developer and BRA can commence this year. Relocation could begin at the same time.

A construction start could take place in the spring of 1972. An estimated ten years will be required to complete the entire project.

The improvements, outlined in Section 3 above would be developed over a period of a decade. It is believed that the initial stage of development would include the hotel, a large share of the apartments and [if the market warrants] 400,000 sq. ft. of office space. For the most part, these would be concentrated on parcels 1 and 2 running from Arlington Street to Charles Street. The remaining improvements would then come subsequently with the ultimate major office concentration at Arlington and with the development of parcel 3 between Charles and Tremont Streets also in the secondary staging.

## 7. Relocation

The entire project area includes 282 individuals and 444 businesses of which approximately 40 individuals and 225 businesses are to be relocated in the Stage 1.

Relocation [Cont'd]

Obviously, the number of individuals to be relocated is extremely small for a large scale project. Furthermore, it will be some time before these people will be required to move.

Business relocation will present a much heavier workload.

The developer is responsible for all relocation and must pay the complete costs according to the present Federal standards. Negotiation between BUA and BRA are underway to finalize the agreement on relocation payments.

The developer will engage the BRA under contract to handle all phases of relocation.

8. Private Costs

The total development cost of Park Plaza has been estimated at approximately $260,500,000. This can be broken down into the various elements of the project as follows:

| | | |
|---|---|---|
| Retail and Low Rise Office Space | | $ 50,500,000 |
| Apartments and Parking | | 120,000,000 |
| Hotel | | 50,000,000 |
| High Rise Office Tower | | 40,000,000 |
| | Total | $260,500,000 |

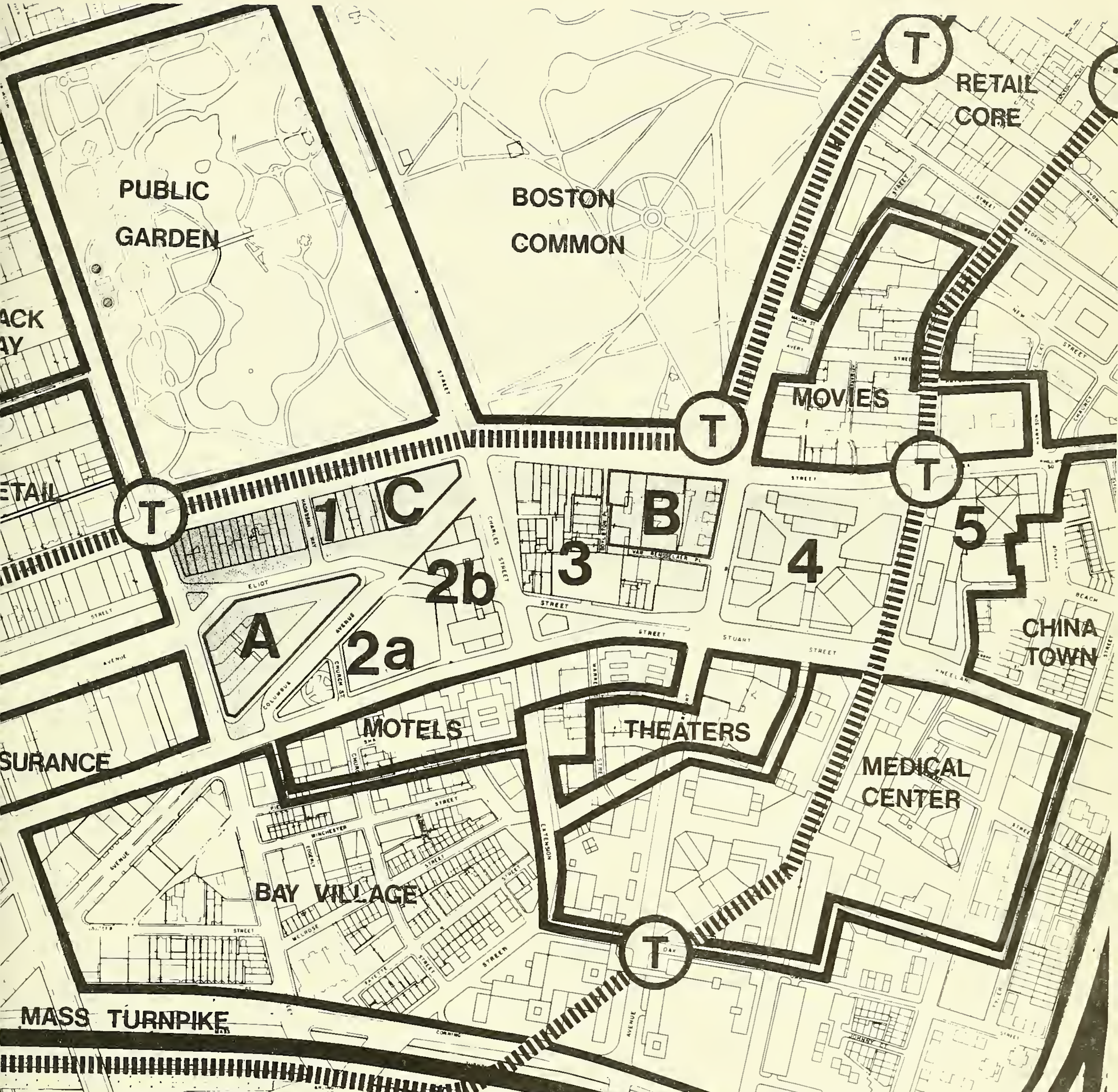
Each of the major elements will be financed as separate entities.

9. Public Finances

The developer will pay the entire costs of land acquisition, relocation and demolition either by direct payments to BRA or from the proceeds of a bond issue. [Tax exempt municipal bonds by the BRA].

Whenever BRA does issue bonds [under Section H of Chapter 121-B] for these purposes the developer will guarantee purchasers and will provide the debt service.

In addition, the project entails certain public improvements, such as the relocation of Charles Street. BRA expects that the city will finance this work at the following estimated costs: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MOVIES
CHINA
TOWN
MOTELS
THEATERS
SURANCE
MEDICAL
CENTER
BAY VILLAGE
MASS TURNPIKE

Public Finances [Cont'd]

COSTS

| | |
|---|---|
| Land Acquisition | $3,870,000 |
| Demolition | 115,000 |
| Legal and Financing | 150,000 |
| Streets and Utilities | 2,400,000 |
| Total | $6,535,000 |

As an offset the city will sell some of this acquired or newly created land to the developer for $3,285,000. In addition, the developer has agreed to pay an annual sum of $150,000 to the city for a twenty-year period commencing five years after the completion of construction.

So the short term cost to the city would be $3,250,000 but the long term cost only $250,000.

BRA anticipates that taxes in Phase I of the project area will rise from 1.2 million dollars a year. The formulae now being discussed includes these elements: $400 per hotel room per year, 23% of gross rent on office and retail space, and 20-22% residential rent. Obviously, it will take several years for this income to begin flowing. In the meanwhile, there will be certain losses due to demolition in the initial period. It is estimated that the project will go in the black at the end of five years and from then on the city should enjoy a larger annual tax income.